

Message Text

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SUBJECT: IAC RECOMMENDATIONS FOR BEEF INDUSTRY AID

1. THE LONG AWAITED INDUSTRIES ASSISTANCE COMMISSION REPORT ON WHAT FURTHER SHORT-TERM GOVERNMENT AID SHOULD BE MADE TO AUSTRALIAN BEEF PRODUCERS WAS RELEASED ON OCTOBER 8. IF ADOPTED, THE TOTAL AID COULD COST \$A150 MILLION OVER THE NEXT TWO YEARS. THE RECOMMENDATIONS WERE DIVIDED INTO THREE PROGRAMS AND ARE AS FOLLOWS:

1. MORE LOW-INTEREST CREDIT FUNDS.

THE EXISTING LOW INTEREST CREDIT FACILITIES FOR BEEF BE EXTENDED WITH THE FOLLOWING ADJUSTMENTS: (1) THE INTEREST RATE SHOULD NOT AVERAGE LESS THAN 4 PERCENT, 829 A LIMIT OF \$A15,000 SHOULD BE SET IN PASTORAL ZONE AND ON PASTORAL LEASES, (3) PRODUCERS BE ELIGIBLE FOR ADDITIONAL CARRY-ON FINANCING UP TO ANNUAL LIMIT IN SECOND YEAR IF NEEDED AND (4) ALLOWANCES FOR RELAXATION OF LIMIT ON LOANS IN SPECIAL CASES. IAC ESTIMATES THAT \$A30 MILLION WOULD BE NEEDED THE FIRST YEAR AND \$A70 MILLION THE SECOND YEAR.

2. HOUSEHOLD SUPPORT.

THOSE PRODUCERS WHOSE FARM BUSINESSES ARE ASSESSED TO BE NON-VIABLE BY THE RURAL RECONSTRUCTION AUTHORITIES BE ELIGIBLE FOR HOUSEHOLD SUPPORT WHICH WOULD PROVIDE A LEVEL OF LIVING

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FOR UP TO ONE YEAR ROUGHLY EQUIVALENT TO THAT PROVIDED THROUGH

UNEMPLOYMENT BENEFITS. THE CONDITIONS FOR ASSISTANCE BEING DETERMINED BY AUTHORITIES WITH A GENERAL OBJECTIVE OF MAKING THESE CONDITIONS THE SAME AS FOR CARRY-ON LOANS. IAC ESTIMATES THAT 6000 PRODUCERS (3000 EACH YEAR) WOULD NEED HOUSEHOLD BENEFITS EQUIVALENT TO \$A2,500 A PIECE FOR AN ESTIMATED ANNUAL COST OF \$A7.5 MILLION.

3. SUSPENSION OF MEAT EXPORT CHARGES.

IAC RECOMMENDED THAT THE EXPORT CHARGE OF 1.6 A CENTS PER POUND (1 CENT FOR MEAT INSPECTION AND 0.6 CENTS FOR BRUCELLOSIS AND TUBERCULOSIS ERRADICATION) INTRODUCED IN 1973 BE DROPPED. THE COST OF THE EXPORT CHARGE IS EQUIVALENT TO ABOUT \$A5 PER HEAD EXPORTED WHICH THE COMMISSION FEELS WOULD BE PASSED BACK TO PRODUCERS IF DROPPED. HOWEVER, THE REPORT POINTED OUT THAT IF THE MEAT EXPORT CHARGE IS SUSPENDED IT SHOULD NOT TAKE PRECEDENCE OVER OTHER ASSISTANCE RECOMMENDED NOR SHOULD IT PREJUDICE THE BRUCELLOSIS AND TUBERCULOSIS ERADICATION CAMPAIGN. IT WOULD BE REVIEWED WHEN EXPORT PRICES RETURN TO HIGHER LEVELS. THE EXPORT CHARGE IS CURRENTLY UNDER IAC REVIEW.

4. COST OF SHORT-TERM AID 1975/76 1976/77

	(\$A MIL)	(\$A MIL)
SPECIAL CARRY-ON CREDIT	30 (1)	70
HOUSEHOLD SUPPORT	7.5	7.5
LOST REVENUE FROM SUSPENSION		
OF EXPORT CHARGE	17	20

(1) EXCLUDES \$A40 MILLION IN LOW-INTEREST MONEY NOW AVAILABLE.

5. IAC RECOMMENDED THAT THE STATE GOVERNMENTS SHOULD HAVE SOME INVOLVEMENT IN THE FINANCIAL ASSISTANCE AND THAT THE FEDERAL GOVERNMENT SHOULD PROVIDE AT LEAST HALF OF THE FIRST TWO PROGRAMS AND ALL OF THE THIRD.

COMMENTS: THE IAC REPORT WAS GENERALLY WELL RECEIVED BY MOST INDUSTRY LEADERS AS IT ACTUALLY CONTAINED MORE SHORT-TERM AID PROPOSALS THAN MANY HAD EXPECTED. THE BIG QUESTION NOW IS WHETHER THE GOVERNMENT WILL ACT ON IT. SOME WERE SURPRISED ABOUT THE RECOMMENDATION FOR HOUSEHOLD SUPPORT AS THERE WOULD UNDOUBTEDLY BE A SPECIAL PROBLEM OF OFFERING WELFARE ASSISTANCE

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TO A SINGLE GROUP OF SELF-EMPLOYED PEOPLE. THEN TOO, THE RECENT STRONG IMPROVEMENT IN CATTLE PRICES COULD TAKE SOME OF THE EDGE OFF THE URGENCY FOR PROMPT ACTION ON THE RECOMMENDATIONS. COPIES OF THE REPORT WILL BE FORWARDED WHEN PUBLISHED. PERCIVAL

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